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Asian Rice Shortage

World Dairy Surplus

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This week's cover:

Harvesting rice from a trial demonstration plot in Indonesia. Despite recent successes with high-yielding IRRI rice, Indonesia and other countries of the Far East are once again having to import record volumes of rice to satisfy burgeoning consumer demand at a time of widespread production shortfalls. For a look at the Asian rice situation, see article beginning this page.

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Above, rice plus a second crop are grown in Thailand on land that was once barren. Despite such advances, Thailand will have unusually small exportable supplies of rice this year. Right, an Indonesian farmer fertilizes a rice seed bed. Below, cutting rice in India.

Belt Tightening Underway Among Asian Rice Consumers As Shortage Persists

By JOHN B. PARKER, Jr.
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CONSUMERS IN THE rice bowl countries of the Far East are having to tighten their belts this year—or seek alternatives to their traditional staple—as the world rice shortage continues unabated.

Far Eastern importers and exporters alike are feeling the effects of last season's sharply reduced crops, with the one group now virtually unable to line up larger imports and the other straining to ship as much as possible of their reduced output. As a result, per capita stocks of Asian rice have fallen to their lowest levels in 30 years, prices have skyrocketed, and supplies in the few rice exporting countries—mainly the United States, Pakistan, Thailand, Burma, and the People's Republic of China have been almost fully committed, and their stocks drawn down.

These developments have prompted greater use of wheat, coarse grains, and other alternative products in the Far East as per capita rice intake falls. At the same time, producers are being encouraged by various incentives to greatly expand their future rice crops.

Widespread relief from the shortage might begin to come in November, when most of Asia's rice farmers start harvesting their major crop. A return of normal monsoon rainfall this summer, combined with greater use of high-yielding varieties and fertilizer, would provide a larger harvest in 1973–74.

The rice shortfall last season hit virtually every country in the Far East (excluding Communist Asia) except Japan, where weather was favorable and production gained 9 percent. The total decline for the region was about 8 percent to 103 million tons (milled basis) and followed a 1-percent decease in 1971 from the 1970 peak of 113 million tons. In India, Thailand, and the Khmer Republic, delayed and inadequate monsoon rainfall dropped rice production by more than 12 percent. Floods, on the other hand, reduced output in South Korea and the Philippines.

These declines, in the face of a population that has grown by 200 million people since 1964 to 1.15 billion, meant that the Far East last year produced only 89 kilograms of milled rice per capita for the lowest level in at least a decade. This continues the erratic trend in recent per capita production, which has seesawed from a peak of 106 kilograms in 1964, to 92 kilograms in 1966 during the severe drought in South Asia, and back up again to 105 in 1970 following production gains from the Green Revolution.

Part of past shortfalls in rice supplies has been met by increased wheat consumption in developing countries of Asia. This almost doubled between 1964 and 1972 as a result of dramatic success from high-yielding varieties plus growing consumer interest in wheat products.

While some countries have shifted to wheat because of rice shortages—particularly this year in India and Bangladesh—others have changed because of rising incomes. The latter development has been limited mainly to Japan, Hong Kong, and Singapore where consumers have recently been able to reduce rice intake and switch to more expensive foods.

Where consumer incomes are just beginning to take off, the tendency is for rice intake to expand. This is because many Asians, as their incomes increase and they move to urban areas, reduce consumption of coarse grains and cassava in favor of the higher-status rice. Thus, in countries with urban incomes ranging from $200 to $600 per capita, government procurement programs often cannot obtain enough rice from farmers to keep up with the buoyant market demand. Such programs have succeeded in meeting consumer rice needs in only two Asian countries—Japan and Pakistan.

Rice farms are usually small in Asia, and reserves for household use take top priority, regardless of how attractive government procurement prices might appear. Also, open market prices are usually higher than those offered by government procurement centers.

Thus, the current rice shortage's impact is being accentuated by burgeoning demand from importing Asian nations, which has risen dramatically over the past 18 months as a result of growing urban needs alongside a farm production that is temporarily declining.

Improved foreign exchange positions for major rice importing countries in East Asia also have boosted demand and are expected to lead to larger purchases in the future.

South Korea's foreign exchange position is expected to continue to improve because of increased investment by international firms and rapidly rising exports. Indonesia is in a similar position, with its exports in 1972 at a record $1.8 billion, largely as a result of stepped-up petroleum sales (which accounted for over half the total).

TOTAL RICE imports by the Far East jumped from 3.8 million tons in 1968 to 4.7 million in 1972. Demand is believed to have risen further this year, although the current tight supply situation will prevent its fulfillment. Any increase in 1973 rice imports will have to come from the United States, the People's Republic of China, and Pakistan, and even these exporters have largely committed supplies.

Indonesia will most likely be the unchallenged leader in rice imports in 1973 for both Asia and the world. South Korea, the Philippines, and Bangladesh will take more than half a million tons each, while totals of over 400,000 tons are expected for South Vietnam, Hong Kong, and Sri Lanka.

In **Indonesia** drought reduced 1972 rice production to 12.2 million tons from the record 12.7 million of 1971. With Government procurements inadequate to stabilize prices during nonharvest periods, market prices in urban centers took off in mid-1972, hitting a peak in November.

To meet this strong demand, Indonesia not only is importing large amounts of rice from the United States,

Thailand, and Japan but also from several new sources such as Pakistan and the People's Republic of China. As a result, Indonesia's rice imports will most likely exceed a million tons in 1973, compared with 700,000 in 1972 and 954,000 in 1970.

Philippine rice imports in 1973 should continue the upward trend of recent years, which saw purchases climb from virtually nothing in 1968–70 to 437,000 tons in 1971 and 482,000 in 1972. Out of necessity, the Philippines has had to seek out alternatives to its main source, Thailand, which last year accounted for 62 percent of total arrivals. These additional suppliers include the United States, Pakistan, Japan, and possibly the People's Republic of China.

The Philippines reversion from a level of near self-sufficiency to major rice importer began with typhoon-damage to the domestic crop, plus efforts to curtail rising market prices, in 1971. Its heavy presence in the world market during the past few years has been a major factor behind the changed Asian rice situation.

In South Korea, buoyant consumer demand for rice, plus a reduced 1972 harvest, could easily boost imports above the 1972 level of 700,000 tons, provided supplies are available. Last year's import level was reduced from the 1 million tons of 1971 as a result of programs to curtail consumer demand. These included regulations requiring restaurants to serve no rice on 2 days of the week and programs to promote use of barley and other rice substitutes.

However, supplies from the domestic crop were reduced as a result of production losses from summer floods and a slight decline in area planted. These caused South Korea's output of milled rice to fall from 4.0 million tons in 1971 to about 3.7 million in 1972.

Thus, South Korea is now actively seeking additional rice imports. About 150,000 tons or more may come from Japan—a source of widely shifting importance, accounting for 514,900 tons of the 1971 import but only about 90,000 tons of 1972's. Difficulties in locating quantities of the type of rice needed caused the South Koreans to turn again to Japan for rice. These imports will be financed under concessional terms and consist of recently harvested rice, rather than stocks.

Much of the remaining imports will come from the United States, which in most recent years has been the major source of supply. In 1972, the United States accounted for about 80 percent of South Korea's imports, compared with 47 percent in 1971. While South Korea has taken the bulk of these under P.L. 480 programs, its commercial imports of U.S. rice have also risen.

South Vietnam's rice imports in 1973 could rise above the 382,400 tons of 1972 as a result of disruptions and adverse weather.

"The rice shortfall last season hit virtually every country in the Far East (excluding Communist Asia) except Japan."

Because of such factors, South Vietnam's rice imports have fluctuated widely in the past decade. From an initial 17,000 tons in 1963, they soared to a peak of 765,000 in 1967. Then in 1971, they dropped to 135,000 tons as greater use of high-yielding varieties helped push output of milled rice to a record 4.0 million tons. The abandonment of 300,000 hectares of riceland because of military activities and the growing needs of refugees near cities caused imports to rise again in 1972.

Should peace largely prevail in the countryside and weather remain favorable, South Vietnam could again boost its production this year and reduce 1974 import needs.

The **Khmer Republic** in 1973 will further extend its relatively new position of rice importer, possibly doubling the 1972 imports of 110,000 tons. Rising import needs for the Phnom Penh urban area, and a sharply reduced 1972 crop account for the growth, which contrasts sharply with the country's past export position.

These exports amounted to about a half a million tons in the early 1960's, with a steady flow going to traditional customers in Hong Kong and West Africa. Adverse weather and increased military activities caused severe reductions in output in both 1971 and 1972, promoting an initial rice import of 20,000 tons in 1971 and then 110,000 tons in 1972. Most of the imports have come from Thailand and the United States.

Singapore's rice imports have not gained much in recent years as its prosperous 2 million people have reduced their per capita rice consumption and shifted slowly to a more diversified diet. Its rice imports, which came mostly from Thailand and the People's Republic of China, totaled 275,000 tons in 1972.

However, Singapore is growing in importance as a transit and financial center in Asia's rice trade. Arrangements made by firms in Singapore, for instance, are expected to revitalize the flow of Pakistani rice to Bangladesh in 1973. The trade, which flourished between Pakistan and East Bengal when they were united as one nation, came to an end in December 1971 with Bangladesh's independence.

Independence from Pakistan, in fact, has made **Bangladesh** one of the important new factors in world rice trade, with imports now totaling over half a million tons. These large imports will continue in 1973, although the lack of supplies may prevent fulfillment of the total need.

In 1972, Bangladesh was the leading rice importer in South Asia, taking approximately 650,000 tons. With Pakistan and the People's Republic of China no longer supplying its rice, Bangladesh went to Burma for 190,000 tons; the United States, 150,000; India, 100,000; and Thailand, 94,000. Domestic rice procurement by the Food Corporation of Bangladesh in 1972 failed to reach 150,000 tons, and fair-price shops had to rely upon imports to supply ration-card holders.

As part of its effort to ease the critical rice shortage and rising prices, Bangladesh also sharply expanded wheat imports last year, to 1.9 million tons from the 900,000 of 1971.

India's rice imports in 1973 are expected to remain well below past years', possibly totaling about 200,000 tons, despite a sharply reduced 1972 rice harvest.

Because of summer drought in rainfed areas, India's 1972 production of milled rice fell to about 37 million tons from a record 42.7 million in 1971. In addition, the 250,000 tons of rice traditionally shipped from Nepal will be radically curtailed because of drought there.

From a peak of 787,000 tons in 1966, India's rice imports received in ocean ports fell to 230,000 tons in 1972. Except for supplies provided by the

United States in fiscal 1972 for Bengali refugees, most of this rice has recently come from Thailand and Egypt. Trade arrangements with those countries allowed India to pay for the rice through shipments of industrial equipment.

Rice accounted for about one-third of the caloric intake in India in 1972—the same share as recorded in 1968. During this period, the share of calories provided by wheat increased from 15 to 19 percent, while that provided by coarse grains declined from 18 to 14 percent.

India's continued small rice imports in 1973, despite the reduced domestic and Nepalese supplies, reflect a sharp drawdown in stocks, which as of March 1973 were about one-fourth smaller than the record level of a year earlier. In addition, Indian consumers are apparently eating more of other grains, which fared better than rice last year, as well as cutting their per capita foodgrain consumption to one of the lowest levels of the decade. The shortage, nonetheless, has resulted in sharp price increases on the local market.

The rice situation in **Sri Lanka** has also worsened considerably, with drought sharply reducing production from the Maha crop harvested in the spring of 1973. However, the country will probably increase imports of wheat flour, rather than rice, to cope with its needs. Stocks also have been drawn down sharply, partly as a result of Sri Lanka's reducing its rice imports last year to 266,000 tons from the 340,000 of 1971.

"Indonesia will most likely be the unchallenged leader in rice imports in 1973 for both Asia and the world."

Rice exporting countries of Asia in 1973 will see further reductions in their shipments from the lowered level of 1972—that year, shipments plunged 11 percent to 4.3 million tons from the 4.8 million of 1971. Reduced exports by Japan and Burma caused most of the decline.

Thailand, the region's largest exporter and in some years the top world exporter, in the past was able to capitalize on the shortage, boosting shipments from 1.06 million tons in 1970 to 1.66 million in 1971 and a record 2.14 million in 1972. Export prices have also been on the rise, from $137 per ton for 5-percent brokens from Bangkok in July 1972 to $206 in early March 1973.

This year, however, unfavorable results from the 1972 harvest, plus a drawdown of stocks, have dashed Thai hopes to capitalize further on good prices, and shipments may not reach over 1 million tons. Already, stocks available for new export contracts have fallen from about 2 million tons in January 1972 to about one-tenth that level in March 1973.

Thai farmers, encouraged by price guarantees 50 percent higher than in 1972, upped their winter plantings threefold, but this off-season crop (harvested in April–May) will still provide only about 500,000 tons of paddy rice, or slightly less than 4 percent of Thailand's 1973 rice output. However, if favorable weather allows farmers to transplant rice in June, additional exports might come from rice harvested this November and December.

Among the most important Thai markets of late have been the Philippines, which last year increased its purchases to 300,000 tons from 213,000 in 1971; and Hong Kong, Singapore, and West Africa. The latter three have almost doubled their takings of Thai rice as a result of the slack left by the collapse of the Khmer Republic's rice exports.

The strong Asian demand for rice also has sapped **Burma's** exportable supplies, and its 1973 shipments will be only about half the 1972 level of 531,000 tons. The 1972 harvest sold out early last year because of strong demand from neighboring Bangladesh and a 203,000-ton sale to the People's Republic of China. The rice export to China, which sold for $81 per ton, was shipped to Sri Lanka for China's payment for rubber received under their rubber-rice trade agreement.

After increasing in 1971 to 812,000 tons, Burma's rice exports have fallen for 2 successive years now as the result of poor crops and depletion of stocks.

In **Japan,** the opposite problem—rice surpluses—still exists to some extent, reflecting the country's artificially high domestic rice prices plus the trend among Japanese consumers toward other foods. Also, the type of rice grown in Japan—short-grain, round rice—is not popular in many countries of Asia (Korea is the one exception).

However, even here, the excess has been reduced from over 6 million tons in 1971 to less than 2 million in early 1973. In addition, Japan has been able to reduce exports, largely concessional sales, to below 400,000 tons in 1972 from a peak of over 911,000 in 1971—shipments which have not only carried subsidies but also high transportation costs.

"Rice exporting countries of Asia in 1973 will see further reductions in their shipments from the lowered level of 1972."

Rice exports by **the People's Republic of China** could increase in 1973. Importers in Hong Kong and Singapore are likely to fill part of their deficit in arrivals from Thailand from larger purchases of Chinese rice. Indonesia and the Philippines are also expected to take substantial quantities of Chinese rice in 1973.

Pakistan's rice exports might approach 600,000 tons in 1973 because of a resumption of deliveries to Bangladesh and larger exports to Indonesia, the Philippines, and Sri Lanka. This would be about 50 percent above shipments in 1972 but would deplete Pakistan's surplus of coarse rice, which accumulated in 1972 when deliveries to Bangladesh were halted for political reasons.

Rice exports by the **United States** to the Far East will be strong again in 1973. Last year, U.S. shipments there surged 49 percent over the 1971 level to a record 1,453,000 tons. This amounted to 74 percent of record 1.96-million-ton U.S. rice exports last year.

U.S. rice exports to South Korea reached a record 566,000 tons in 1972, compared with 482,000 in 1971 and 242,000 in 1970. Indonesia, the second largest market, took 322,000 tons of U.S. rice under P.L. 480 in 1972, and South Vietnam took 311,000 tons—more than six times the quantity sent there in 1971. U.S. rice exports to Bangladesh totaled 132,000 tons in 1972, including some shipments early in the year, when the U.S. Census still recorded shipments to Chittagong as exports to Pakistan.

WORLD DAIRY PRODUCTION AGAIN SHOWS SURPLUS

By DAVID R. STROBEL
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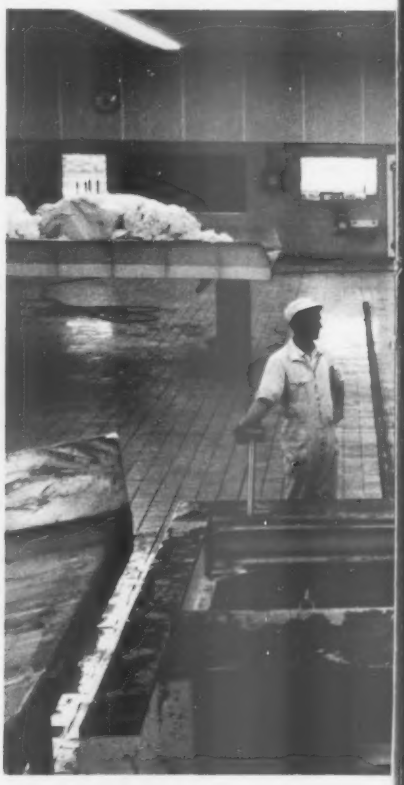
Within a year, the world dairy situation has changed from one of tight supply—with butter, cheese, and nonfat dry milk prices at near record levels—to one of surplus. Actually the situation is back to normal, since in recent years, surplus has been usual with the tight 1971 situation constituting an exception.

The European Community (EC) has again assumed the role of principal surplus-producing area. Except for 1971, high EC dairy output has been the primary cause of dairy surpluses since 1965, as a direct result of its Common Agricultural Policy for dairy products.

As all major dairy-producing countries enter their flush season (excepting Australia and New Zealand, now ending the production season), indications are that the surplus situation will be worse instead of better by the end of 1973.

World milk production in 1972 increased about 2 percent over 1971. Production in Western Europe gained 4 percent with EC countries accounting for nearly two-thirds of the West European total. Milk production in France, the largest West European producer, mounted 6 percent. Milk production advanced 2 percent in the other major producing areas of the world, includ-



World production of cheese, aging in Danish factory (above), continued recent years' upward trends, while Dutch cows (right) were partly responsible for reviving the EC's dairy surplus. Butter, taken from churn at New Zealand factory (far right), registered a 5-percent production gain in Oceania in 1972.

ing Eastern Europe, North America, South America, Oceania, and Japan, although output did not increase in Russia.

Spiraling milk production has been reflected in higher butter output. In the EC–6 butter production soared to 3 billion pounds in 1972, an increase of 245 million pounds over 1971. Most of the increase went into government and/or private stocks.

The Netherlands boosted butter output by 31 percent; with Belgium up 14 percent; France, 7 percent; and Germany, 4 percent. As a result, the EC–6 began 1973 with butter stocks of about 750 million pounds, and stocks have now reached 800–900 million pounds.

In early 1973, the intervention or support price for butter reached 101.8 cents a pound. The EC again initiated measures to reduce the large butter surplus. Storage butter is being sold to the general public for about 80 cents per pound; fresh butter to retired or unemployed persons for about 25 cents per pound; and sales have been made to the army and the food processing industries at greatly reduced prices.

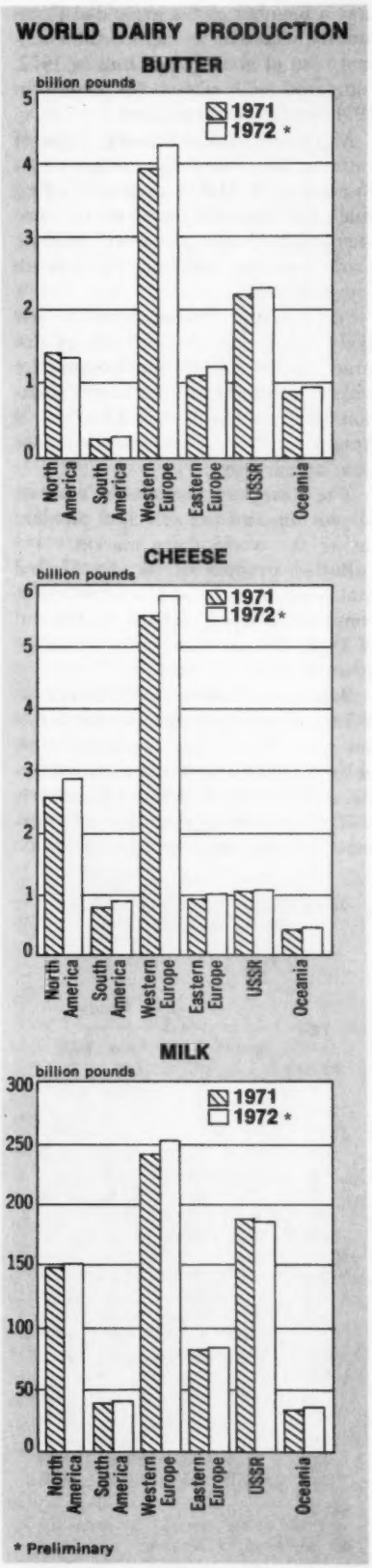
Butter is also being made available to charitable organizations, to world food programs, and subsidized into export channels. The EC butter export subsidy is now over 61 cents a pound and the subsidy for butter oil is over 82 cents a pound.

These measures, however, have not substantially lowered EC–6 surplus butter stocks. To further relieve the stock situation, the Community recently agreed to sell 441 million pounds of butter to Russia at about 19 cents per pound, causing some concern to EC–6 consumers.

In its latest dairy action, the EC raised the target price of milk from $6.44 to $6.70 per hundredweight in West Germany and Benelux and to $6.80 per hundredweight for the rest of the EC–6. The support price for butter was lowered to 96.3 cents a pound for the EC–6. In addition, a consumer subsidy for butter of up to 5.5 cents per pound is to be put into effect.

With EC–6 retail prices for butter currently over $1 a pound—for example, Brussels, $1.31; Rome, $1.09; The Hague, $1.01—it is doubtful that the new price levels will remove the "butter mountain."

The United Kingdom, the world's largest import market for butter and



now a member of the expanded Community, recorded per capita butter consumption of about 16 pounds in 1972, compared with about 18 pounds in 1971—a drop of 11 percent.

At present, the wholesale price of butter in the United Kingdom is about 46 cents, with U.K. consumers paying much less than consumers on the continent. U.K. butter prices will increase yearly, however, reaching EC–6 levels within 5 years.

Since butter consumption is not likely to increase, the inclusion of this large market within the Community will not solve the surplus butter situation. Stocks in the United Kingdom in April were 37.4 million pounds higher than a year ago.

The European Community's butter surplus remains the principal problem facing the world dairy market.

Butter production in the United States fell in 1972 and is expected to continue declining in 1973. By the end of 1973, Government stocks should be down from a year earlier.

Butter production in Oceania in 1972 was up 5 percent over the previous year. This larger production—all in New Zealand—moved into commercial trade channels, and on January 1, 1973, butter stocks were down 18 percent from the same date in 1972.

Cheese production in 1972 continued the upward trend of recent years. For the first time, however, the strength of demand did not keep pace with production in all areas, particularly in Europe. Last fall the major Dutch cheese manufacturers cut production to maintain prices.

Major cheese-producing countries began 1973 with stocks 20 percent higher than in the previous January. However, high red meat prices, combined with swelling world demand for protein foods, suggest that cheese production will continue up and prices should remain firm in 1973.

In the major producing countries, nonfat dry milk production in 1972 was 11 percent above 1971 and 6 percent over 1968—a record year. This gain reversed the downtrend observed in 1970 and 1971. The 1972 nonfat dry milk increase was higher than that for butter or cheese. Last year, 45 percent more nonfat dry milk was produced than in 1965.

France was the largest producer of nonfat dry milk with an output of 1.5 billion pounds, an advance of 10 percent over 1971. West Germany, New Zealand, the United Kingdom, and the Netherlands registered increases of 28, 25, 55, and 34 percent, respectively.

Production in the United States decreased by 10 percent last year. Finland and Japan were the only other important dairy producers where output dropped.

An increase in nonfat dry milk stocks indicates that commercial demand has not advanced at the same rate as production. With the continuing rise in milk production in 1973 and with more surplus milk moving into butter production, supplies of nonfat dry milk will mount. Higher usage for feed should continue but probably will not be sufficient to reverse the downward pressure on prices that began to be felt during 1972.

WHOLESALE PRICES OF CHEESE [1] IN REPRESENTATIVE EUROPEAN COUNTRIES
[In U.S. cents per pound]

Year and month	France	West Germany	London: New Zealand	London: Netherlands
1970:				
Jan...	62.6	66.5	25.5	25.1
Apr...	64.6	67.0	25.5	25.1
July...	63.5	66.0	27.6	27.8
Oct....	60.3	65.9	29.3	30.0
Dec...	59.5	65.9	31.4	33.2
1971:				
Jan...	59.7	65.9	31.4	35.8
Apr...	60.6	67.8	31.4	36.5
July...	62.2	68.8	33.9	39.5
Oct....	64.4	69.0 [2]	44.4 [2]	49.9 [2]
Dec...	67.9	67.9 [2]	48.4 [2]	51.2 [2]
1972:				
Jan...	67.2	70.5	51.0	55.7
Apr...	67.2	70.5	55.8	54.0
July...	70.3	77.8	52.6	49.2
Oct....	71.6	78.4	50.2	48.2
Dec...	71.5	80.4	50.2	46.8

[1] Emmenthal and/or Cheddar in all markets. [2] Deflated to reflect real changes in product prices.

WHOLESALE PRICES OF BUTTER [1] IN REPRESENTATIVE EUROPEAN COUNTRIES
[In U.S. cents per pound]

Year and month	France	West Germany	Denmark	U.K.[2]
1970:				
Jan...	75.3	81.7	56.3	32.1
Apr...	78.2	81.7	56.5	32.1
July...	78.5	81.7	56.5	34.0
Oct....	78.2	81.7	56.7	34.7
Dec...	79.5	82.1	56.7	35.3
1971:				
Jan...	81.4	82.4	55.4	35.3
Apr...	84.4	85.0	55.4	40.0
July...	87.2	85.5	56.7	51.2
Oct....	87.5	85.0	64.5	[3] 54.8
Dec...	87.5	85.0	65.6	[3] 58.2
1972:				
Jan...	86.8	86.2	67.5	63.8
Apr...	86.9	86.5	67.5	64.1
July...	88.5	87.2	67.5	54.7
Oct....	93.4	92.5	68.5	47.0
Dec...	93.4	92.7	69.3	45.8

[1] All Grade A equivalent or Finest Quality. [2] Commonwealth butters. [3] Deflated to reflect real changes in product prices.

MONTHLY NONFAT DRY MILK PRICES IN SELECTED COUNTRIES
[In U.S. cents per pound]

Year and month	New Zealand [1]	Peru [2]	Canada [3]
1970:			
Jan.....	8.25	9.75	18.96
Feb.....	9.07	11.06	18.96
Mar.....	9.07	11.06	18.96
Apr.....	9.07	11.06	18.96
May.....	9.07	12.25	18.96
June.....	9.07	12.25	18.96
July.....	9.07	12.25	18.96
Aug.....	9.07	12.25	18.96
Sept.....	11.25	12.25	18.96
Oct.....	11.50	14.61	18.96
Nov.....	13.40	14.83	20.22
Dec.....	13.40	15.13	20.22
1971:			
Jan.....	13.40	15.13	20.22
Feb.....	14.46	15.13	24.00
Mar.....	14.46	15.13	24.00
Apr.....	16.08	17.45	24.00
May.....	18.75	23.24	24.00
June.....	21.42	27.94	24.00
July.....	21.42	27.94	26.00
Aug.....	21.42	27.94	26.00
Sept.....	23.77	28.51	26.00
Oct.....	25.36	28.51	26.00
Nov.....	28.80	——	29.00
Dec.....	28.80	——	29.00
1972:			
Jan.....	28.05	27.05	29.00
Feb.....	27.01	27.05	29.00
Mar.....	27.01	27.05	29.00
Apr.....	27.01	27.05	29.00
May.....	27.01	27.05	29.00
June.....	27.01	27.05	29.00
July.....	26.79	26.67	29.00
Aug.....	26.25	26.67	29.00
Sept.....	25.71	26.67	29.00
Oct.....	24.11	26.67	29.00
Nov.....	23.04	24.03	30.00
Dec.....	23.04	24.06	30.00

[1] F.o.b. export price. [2] C.i.f. price, Lima. [3] Wholesale price.

How a Field Broker Gets Customers And Packers Together

By L. W. DENNIS
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THE EXPORT SALES company—referred to in trade parlance as a field broker—operates as a line of communications between the foreign buyer of fruits and vegetables and the U.S. packer. It is the broker's job to put them in contact with each other, make sure that each knows the problems and capabilities of the other, and then turn the transaction over to the freight forwarder, who handles all the details of the shipment.

In a sense, the field broker is an exporter—but one functioning in a rather unusual and unorthodox manner. In frozen food exports, for example, he may act as an exclusive sales agent for one or more large U.S. packers in their private-label or buyer's-label programs for frozen foods; he may operate in bulk frozen fruits and vegetables; or he may do both.

His primary job is that of persuading the packer to export at all. Picture him calling a frozen food packer, asking for a quote on product for export. Immediately, the packer visualizes special packaging; special markings; mountains of papers—customs papers, dock receipts, ocean bills of lading, letters of credit or sight drafts, and probably others. With trained personnel in short supply; with problems of machinery, production, crops, and labor; with weather worries; and with domestic demand for his product at a high level, his answer is apt to be, "Not interested."

To this, the broker responds by telling him that an export order is handled like any domestic order, except that the invoice goes to the freight forwarder instead of the customer. The broker's firm does not try to export, except under very unusual conditions, quantities less than a full container—approximately 17 or 18 tons. With this quantity, it then becomes easily possible for the processor to make a pier delivery at a given time and place.

The field broker takes full advantage of the services offered by his freight forwarder. His shipping orders request the forwarder to—

- Book ocean cargo space.
- Coordinate with the packer and the broker's firm on delivery to the pier, so as to insure that the cargo gets aboard ship.
- Add wharfage and handling charges to the invoice furnished by the packer; also marine insurance charges, ocean freight charges, and all forwarding charges.
- Prepare all necessary documents, such as customs declarations, dock receipts, ocean bills of lading, special consular invoices if required, and any others, making sure that before the shipment arrives at the pier, all papers needed to insure proper receipt and booking of the cargo are there.
- After final preparation of the invoice, prepare and bank a draft, payable to the consignee, with the necessary papers airmailed to the consignee so that he can obtain his shipment without any delay upon its arrival overseas.
- Invoice the packer for all charges added to his original invoice.

For a shipment handled in this manner, the packer in effect becomes the exporter. Why does the broker not take title to the product, add on the necessary costs, and ship with his firm as the exporter?

The answer is that brokers in general are not equipped to, and have no desire to, book cargo space, prepare documents, worry with the intricacies of international banking, or perform the myriad other functions of the forwarder. Nor do they handle large volumes of products; and large marine carriers tend to be much more interested in space requests made by a forwarder, who handles millions of tons of ocean cargo, than in requests by a small broker. Even the booking of air cargo space for samples could be more efficiently handled by the forwarder than by the broker.

The broker serves better by staying in constant touch with the packer, the forwarder, and the overseas buyer, so that all are fully informed at all times—a fact that is much appreciated by the buyer. A failing observed in many a U.S. exporter is neglecting to keep the buyer posted on the status of his order. Prompt factual information, at all points of the export chain, is a vital necessity and a principal function of the field broker.

On the other side of the transaction, brokers can often discover and remove major roadblocks to doing business. A common reaction in Europe—not always expressed in words, but rather in

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This and the article beginning on page 10 are based on remarks at the National Export Marketing Workshop held in College Park, Maryland, in March 1973.

reluctance to order—is, "We would like to buy from the United States, but you insist on methods and procedures contrary to what we have developed over centuries of doing import-export business. Obviously, this means giving your products special handling and leaves too many possibilities for error."

The broker's response to this feeling is apt to be, "As long as we are able to get the same net return for our packers, why not go along with the standard practices of the buyer?" Those who do this find that it works.

Another buyer complaint is that a U.S. exporter will sometimes try to sell his top-quality line when the buyer only needs or wants to buy a standard-grade or even a "utility" product. As an example, Grade A peas in the United States are not the same as Grade A peas in some other countries. Naturally, a broker who receives an inquiry for Grade A peas would quote U.S. Grade A product, only to find out that the price was much too high. Visits to the European market bring a better understanding of the quality of product needed in the market and the U.S. grade best fulfilling that need.

Another service the broker can perform is to thoroughly check out the credit of overseas prospects and buyers. Although the credit risk is that of the U.S. packer or processor, the broker feels a moral obligation not to put him in the position of doing business with a poor credit risk. However, almost without exception, credit problems with export buyers are nonexistent. Customers who were started on a letter of credit basis often graduate to open account, yet payments come faster and without problems.

An example of services provided by a broker to an importer involves a buyer in an overseas market who needed to have rather large volumes of frozen vegetables on hand at a given time, but lacked the necessary zero storage space to make this possible. Yet without this inventory, his factory operation would be spasmodic, inefficient, and costly. The broker obtained the close cooperation of his forwarder and the marine carrier; and through the efficient scheduling and usage of mechanically refrigerated containers, this factory is now able to make production run at a highly efficient level and without the extremely high cost that lack of product would have caused.

What a Freight Forwarder Does To Expedite U.S. Farm Exports

By JOHN N. GROSE

National Customs Brokers and Forwarders Association of America, Inc.

THE INDEPENDENT foreign freight forwarder is a vital link in the conduct of the Nation's international trade in agricultural products. He coordinates, arranges, and manages all the myriad and complex activities that are needed to make possible the movement of cargo in international commerce—whether by air or by ocean and/or surface transportation—consistent with the requirements of all the Government agencies concerned.

The National Customs Brokers and Forwarders Association of America, Inc. (NCBFAA), is the only national organization representing foreign freight forwarders and customs brokers. In addition to its members in the United States and associate members throughout the world, it is also an association of associations, composed of 16 regional and local associations all over the United States.

The NCBFAA was founded 76 years ago in New York. Since that time it has grown to more than 400 direct member firms in the United States and associate members in other countries. Firms are admitted to NCBFAA membership only after exhaustive investigation as to experience, character, and responsibility, and once admitted they are bound to the NCBFAA's code of ethics.

The typical NCBFAA member is a small businessman operating in several categories. For example, it is rare that a member will be only a foreign freight forwarder or customs broker (for imports) or only a foreign shipping agent. More often than not, a member will perform all three of these functions. In whatever capacity he acts, however, he is intimately involved with assisting all aspects of U.S. international trade.

International freight forwarders play a vital role in exporting products that come under the jurisdiction of both the USDA and the State Departments of Agriculture, as well as various other Government agencies. The range of the freight forwarder's services is extremely broad.

For example, exports of livestock for breeding purposes require clearance through the public health agencies, which the forwarder obtains. These exports are gaining in volume as meat and meat products become more important in the diets of many foreign countries, and the forwarder is sometimes directly involved in developing these markets. One NCBFAA member in the Pacific Northwest area initiated a four-State export trade promotion show in Japan, held in April with USDA assistance.

The forwarder acts in many respects as an arm of the U.S. Customs Bureau. As a Congressman told the U.S. House of Representatives in 1971, "For exporters, foreign freight forwarders arrange ocean and air transport, negotiate U.S. Government export licenses, advise clients on worldwide customs requirements, prepare consular invoices, assist clients in buying and selling foreign exchange, prepare drafts and documents, and arrange export packing—without them the Customs Bureau would have to provide an enormous amount of technical guidance and consultation to exporters and importers." (Congressional Record, Sept. 24, 1971.)

Licensed by the Federal Maritime Commission, the forwarder must be in a position to recommend the best services available, to advise the number of ports of call by a vessel before it reaches the final port nearest the ultimate destination. He must reserve or "book" the space, obtain permits for acceptance of freight at the loading piers, and coordinate out-of-town shipments to arrive at the pier at a time when the freight will be accepted by the steamship company.

In addition to preparing the bills of lading and export declarations, the forwarder should be in a position to secure marine (transit) insurance (warehouse to warehouse), store the merchandise if necessary, and arrange for repacking,

(Continued on page 16)

U.S. Cotton Gains Ground In West German Market

SHIPMENTS of U.S. cotton to the important West German market are projected to rise sharply during the 1972–73 marketing year (August 1–July 31). U.S. cotton's share of Germany's imports could soar to at least 15–18 percent—about 200,000 bales—as compared with the 6 percent share—69,000 bales—imported last season.

Trade sources attribute this favorable gain to the larger U.S. 1972 crop, available at competitive prices, and short supplies in many major cotton-producing countries. The higher share also suggests that German spinners have largely overcome their reservations about the quality of U.S. cotton.

The favorable outlook for U.S. cotton is based in part on the high level of sales during the early months of this season. U.S. growths comprised 11.9 percent of German imports in August–December, compared with 10.4 percent in the same period a year earlier.

With an ample supply of good quality U.S. cotton next season, competitive prices, and the improved U.S. cotton image in Germany, prospects for the 1973–74 season should be bright.

Overall, Germany's cotton imports are expected to rise only moderately, if at all, this season, despite rising consumption and strong demand. Importers are reportedly slowing purchases because of short world supplies of good quality cotton, high prices, uncertainty about monetary developments, and the expectation of a more ample supply next season.

Cotton arrivals were delayed by at least 2 months by late harvesting in many major producing countries, including the United States, with the result that imports during the first 4 months of the 1972–73 season were 20 percent lower than during the same period last season. Trade sources expect a brisk upswing in cotton arrivals this spring, however, with the total season's imports estimated to reach 1.1 million bales.

Because of delayed arrivals, possible variations in import patterns are difficult to pinpoint. In early trends, imports of Colombian cotton are nearly 4 times higher than a year ago and imports from the Ivory Coast in the first 5 months of the season have already risen 4½ times higher than last season.

Germany will continue to re-export some imported raw cotton, possibly up to 50,000 bales this season. During the season's first 5 months, foreign sales from German dealer stocks were 8 percent above the earlier year. This was caused by higher reexports to Switzerland and a relatively larger proportion to the United Kingdom.

Cotton prices from all supplier countries have risen continuously since early November 1972, accordingly to quotations furnished by the Bremen Cotton Exchange. March 1972 prices for high-grade cotton surpassed last year's high prices by 100–300 points per pound.

U.S. cotton has remained generally competitive, except against Turkish and Syrian cotton. Brazil and the USSR, the other main U.S. competitors in the German market, have been quoted higher than comparable U.S. growths.

Price differentials have been altered somewhat by recent monetary revaluations and resulting parity changes. The positive effects of the 10-percent U.S. dollar devaluation on German cotton imports have been slightly weakened by Turkish and Mexican devaluations, which left dollar parities unchanged. Conversely, Brazil revalued its currency by 3 percent in relation to the dollar, Russia by about 10 percent, and Iran by 11.1 percent.

Germany's pricing and contracting

Bales of U.S. cotton, stored in a coastal warehouse (top), await shipment abroad. The larger 1972 U.S. crop, harvested at left by two-row picker, resulted in a sharp rise in sales to West Germany in the 1972–73 marketing year.

system has recently been shaken by refusals of several countries, especially Iran, Egypt, and Sudan, to fulfill old contracts at agreed dollar prices, insisting on price increases to cover dollar devaluation losses. These refusals might cause some German buyers to turn toward the United States, where they are confident contracts will be honored.

Despite a reduction in cotton acreage in some producing countries, West German trade and industry sources are convinced that cotton will be in ample supply next season. As a result of this, as well as short world supplies, high prices, and the monetary situation, raw cotton stocks may be allowed to drop to an alltime low. Ending stocks are estimated at about 325,000 bales, enough to insure smooth mill operations for about 4 months if raw cotton consumption by mills reaches the projected, though conservative, 1,075,000 bales—25,000 bales above last season.

Official statistics available for the first 4 months of the current season show raw cotton consumption about 4 percent higher than last season's comparable period. Other statistics, as well as trade and industry sources, indicate that this favorable trend is likely to continue, although it is still uncertain whether the growth rate will stay at its present high level.

Rising German consumption of cotton can be attributed to increased foreign demand for cotton textile products, fashion and hygienic considerations, and rising prices for synthetic fibers.

In recent years, German mills have suffered from a tremendous surplus of imports compared with exports of yarns, fabrics, and finished yard goods, a situation which has abated considerably this season. Exports of cotton yarn, fabrics, knitgoods, and apparel have been 16.5 percent higher in the first 5 months of the current season than during the same period last season, while imports increased by only 15.7 percent. Although the difference is still fairly small, it portends a reversal of earlier trends. Consequently, the growth rate of the import surplus dropped from 50 percent in the first half of the 1971–72 season to about 15 percent this season.

Fashion is still very much in favor of cotton, mainly for the summer, but to a smaller degree for winter. The latest International Fair for Home Textiles in January in Frankfurt indicated a growing interest in either pure cotton or blends with a high percentage of cotton for bed and table linens.

These areas of the textile industry have been strongly influenced by synthetics in recent years. In part, the trend back to natural fibers can be attributed to medical and hygienic reservations about purely synthetic fiber goods.

Cotton's declining share of total fiber use has leveled off considerably, although the use of synthetic fibers is continuing to grow even though prices have increased more rapidly than cotton prices.

Synthetic fiber prices have turned full circle in recent months. While in 1972 prices went down to an absolute minimum and several manufacturers either closed down their plants or reduced production capacity, trade sources now report a worldwide shortage and high prices for synthetic fibers.

The shortage has been perpetuated by three factors: Lessened manufacturing capacity, strong demand stemming from higher wool costs, and withdrawal from the European market of two major foreign suppliers—Japan and the United States. U.S. production is reportedly needed to meet domestic demand and even the recent dollar devaluation did not stimulate exports.

Reportedly, German cotton industry spokesmen are continuing to voice concern about the Government's current foreign trade policy, particularly regarding imports from Eastern Bloc countries. The German textile industry is receiving support from textile industries of 14 other West European countries, who are cooperating in a new organization called Comtextil. At their first meeting in February in Brussels, Comtextil representatives unanimously recommended replacing the international long-term cotton textiles agreement—which expires September 30, 1973—with an international all-fiber textiles agreement.

The German Government, on the other hand, has repeatedly voiced unwillingness to support such an agreement in forthcoming European Community (EC) and General Agreement on Tariffs and Trade (GATT) negotiations. They maintain the cotton textiles agreement violates GATT nondiscrimination rules, which would be further weakened by an all-fiber pact.

According to State Secretary Martin Gruener of the Federal Ministry of Economics, Federal Government aims are to eliminate as many trade barriers as possible and to further liberalize international trade.

British Tobacco Imports Jump—Mostly U.S. Leaf

Total U.K. leaf imports were up 29.1 million pounds in 1972 to 297.7 million pounds. U.S. tobacco benefited the most as imports of American leaf increased 23 percent to 120.5 million pounds. Much of this increase was used to replenish depleted stocks. Other suppliers remained about the same except for Canada and Brazil.

Canada enjoyed a 14-percent increase as imports rose to 58.8 million pounds. Brazil continued its dramatic increase with a 31-percent rise to 8 million pounds, up from 4,000 pounds in 1968.

Average unit value of U.K. tobacco imports was down from 89 U.S. cents per pound (at £1=US$2.40) to 88 U.S. cents. U.S. stripped flue bucked the trend, however, and rose about 5 U.S. cents per pound to US$1.25. Canadian and Brazil prices also rose.

Utilization of all types of tobacco by U.K. manufacturers was up 7 percent to 308.8 million pounds as both domestic consumption and exports rose. Utilization of U.S. flue-cured tobacco, however, fell by 5 percent from 118.5 million pounds in 1971 to 112.5 in 1972. During the same period total use of flue-cured tobacco increased 6.5 percent.

The United Kingdom's total tobacco stocks were down by 3 percent in 1972 to 374 million pounds. Stocks of U.S. flue-cured were up 5 percent to 143.6 million pounds, while those of Rhodesian tobacco continued to dwindle and ended the year at 44,000 pounds, down from 3.3 million on January 1, 1970.

Tobacco consumption in the United Kingdom recovered slightly in 1972 after a 4-percent decline during 1971. The 5-percent recovery was due at least in part to the low profile the health issue assumed in the United Kingdom in 1972. It is believed the 5-percent tobacco consumption growth-rate will continue in 1973 if the health issue becomes less controversial.

Panama and Yemen Get Agricultural Funds

The Yemen Arab Republic and Panama have received credits and loans from the World Bank and its affiliate, the International Development Association (IDA), totaling $15.6 million. The Yemen Arab Republic's $10.9-million IDA credit will be used to finance a wide variety of agricultural projects, while Panama's $4.7-million World Bank loan will pay for the first stage of the country's long-range livestock development program.

Among the planned projects in Yemen is the drilling of 35 tubewells and improvements in the surface water irrigation system at Wadi Zabid. At full development this is expected to expand the net crop area of the country some 12 percent and increase corn and oilseed yields by about 50 percent, sorghum and millet about 70 percent, cotton about 90 percent, and vegetables about 100 percent, according to IDA. This could bring an increase in agricultural output approximately equivalent to $7 million.

The Panamanian project is expected to help expand commercial livestock production, initiate new techniques for small dairy farms, and develop large-scale commercial livestock production in land-reform settlements. Main on-the-farm investments will be for livestock, pastures, seeds and fertilizers, fencing, and agricultural machinery and equipment.

FRUITS, NUTS, AND VEGETABLES

Argentine Dried Fruit Pack

Argentina reports October frost and hail damage cut 1973 production of dried prunes and raisins. Crops are estimated at 800 short tons for prunes and 2,700 tons for raisins. Comparable 1972 production levels were 3,900 tons of prunes and 2,900 tons of raisins.

Smaller exports are forecast during 1973. Brazil was the most important 1972 export market for Argentine dried fruit. Others were West Germany, the United Kingdom, and the United States.

West Germany Announces Import Tenders For Wax Beans, Asparagus, and Pears

West Germany has announced tenders allowing imports of canned pears, asparagus, and wax beans. Details follow:

• **Asparagus.** Two tenders allowing imports from many countries including the United States. Applications for import licenses were accepted until May 15, 1973. Import licenses under both tenders will generally be valid until April 30, 1974. The first date of customs clearance will be June 18, 1973.

• **Pears.** One tender allowing imports from many countries including the United States. Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than September 27, 1973. Canned pears must be in containers of less than 9.9 pounds.

• **Wax Beans.** One tender allowing imports from the United States and Canada. Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than September 27, 1973. The first day of customs clearance was April 1, 1973.

Japanese Import Quota for Fresh Oranges and Tangerines

On April 26, the Government of Japan announced a 9,000-metric-ton import quota for fresh oranges and tangerines for the first half of Japanese fiscal 1973 (April–September).

Import quotas issued for Japanese fiscal 1972 totaled 12,000 metric tons, including 9,000 tons issued for the first half and 3,000 tons for the second half.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 29	Change from previous week	A year ago
	Dollars per bushel	*Cents per bushel*	*Dollars per bushel*
Wheat:			
Canadian No. 1 CWRS–14	3.84	+39	1.98
USSR SKS–14	(1)	(1)	1.85
Australian FAQ [2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	3.50	+30	1.88
15 percent	3.58	+32	1.96
U.S. No. 2 Hard Winter:			
13.5 percent	3.42	+26	1.82
No. 3 Hard Amber Durum	3.70	+30	1.85
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	1.68
Feedgrains:			
U.S. No. 3 Yellow corn	2.56	+17	1.48
Argentine Plate corn	2.77	+14	1.75
U.S. No. 2 sorghum	2.43	+14	1.42
Argentine-Granifero sorghum	2.43	+15	1.42
U.S. No. 3 Feed barley	1.98	+9	1.21
Soybeans:			
U.S. No. 2 Yellow	9.70	+43	3.78
EC import levies:			
Wheat [3]	[4].95	−56	1.98
Corn [5]	[4].50	−38	1.30
Sorghum [5]	[4].68	−23	1.36

[1] Not quoted. [2] Basis C.I.F. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 23 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Grain Exports and Transportation Trends: Week Ending May 18

Weekly grain inspections for export and grain moving in inland transportation for the week of May 18 and the previous week were:

Item	Week ending May 18	Previous week	Weekly average, April	Weekly average, third quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections for export:				
Wheat	695	954	726	637
Feedgrains	664	700	643	690
Soybeans	312	224	284	327
Total	1,671	1,878	1,653	1,654
Inland transportation:				
Barge shipments of grain	(1)	200	360	495
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	30,750	31,411	28,705	32,271

[1] Not available.

TOBACCO

Spain Takes Less U.S. Leaf But More Cigarettes in '72

Spain's raw tobacco imports were down 15 percent in 1972. U.S. leaf fared better than that of most suppliers as imports from the United States dropped to about 7 million pounds, down only 4 percent from those of 1971. However utilization of U.S. leaf was down 21.6 percent, while total tobacco utilization in Spain dropped only 16.1 percent. The decline in total imports is attributed to reduced sales of domestically produced products, increased domestic tobacco production, large stocks carried over from 1971, and the increased price of foreign tobacco.

The sharp decrease in use of U.S. leaf, coupled with the only moderately reduced imports, led to a doubling of Spain's U.S. tobacco stocks during 1972.

While U.S. leaf tobacco was losing ground in the Spanish market, U.S. cigarette imports leaped ahead to 132 million packs, up 26 percent. Ninety-six percent of the cigarettes imported by Spain in 1972 were from the United States, a market share equal to that of 1971. Spain also increased pipe tobacco and cigar imports in 1972.

The Spanish Tobacco Monopoly recently acquired an all-new management team. The "new" Monopoly intends to increase acceptance of domestic tobacco products. Sales outlets will be remodeled and new cigarettes of improved quality introduced. This could mean a somewhat larger demand for U.S. leaf tobacco but may also reduce U.S. cigarette takings.

The new look may also involve licensing arrangements to produce foreign brands in Spain. U.S. brands would seem to be the logical choice because of the large U.S. share of the cigarette import market.

Informed sources indicate that any significant change in imports of leaf or products stemming from introduction of new brands will not be forthcoming until late in 1973.

New Zealand Cigarette Makers To Limit Advertising

The Government of New Zealand, represented by the Minister of Health, and New Zealand's three cigarette manufacturers recently signed a voluntary agreement on cigarette advertising that will remain in effect 3 years.

The agreement provides for a warning printed on all cigarette packs. It also confirms the present ban on TV and radio ads and calls for the phasing out over a 6-month period of advertising through movies, slides, and outdoor ads. Size of newspaper ads is also limited and a code of advertising "ethics" has been adopted.

In accepting this agreement the manufacturers insist they do not agree with the arguments of a causal relationship between smoking and health.

LIVESTOCK AND MEAT PRODUCTS

New Zealand Subsidizes Lamb and Mutton Prices

The New Zealand Government recently announced a temporary freeze—lasting between 7 and 10 days—on all lamb and mutton prices in an attempt to halt spiraling consumer prices. These meats are now subsidized by the Government and prices have been cut 2 cents per pound. The subsidies will last until the end of the killing season in June-July.

The actual amount paid out will depend on how much world prices for lamb and mutton rise. The Government will decide later what arrangements will operate beyond the end of the killing season.

Beef and veal was excluded from the subsidy scheme because of difficulties within the industry in administering it. Pork was left out because there is a current shortage.

New Zealand has issued more import licenses for pork from Australia and Canada, and has suspended the 20-percent import tariff on Canadian pork to halt domestic price increases.

Senegalese Cattle Producers Eyeing Export Markets

Because of strong demand for fattened cattle in nearby African countries, Senegalese livestock producers are investigating the possibility of boosting foreign sales.

The country now has two feedlot operations—located near Dakar—which will be capable of fattening about 10,000 head of cattle for export and domestic sale when producing at full capacity.

One feedlot consists of a 6,000-acre tract capable of fattening 5,000 head. The farm on which the feedlot is located is at present running 3,000–3,500 head of N'dama and Brahman cattle. It is reported that most cattle remain on the lot for 3 months and gain an average of about 2 pounds per day.

The second feedlot is gradually building its handling capacity to 5,000 head.

The feedlots use peanut hulls, molasses, salt, peanut cake, cottonseed, wheat, rice, and bran to fatten their cattle. However, there are some problems connected with obtaining some of these rations.

Cutting short the supply of molasses available for cattle

feed is its use for rum. Grain may have to be imported for cattle feed, which would probably boost the cost of fattened cattle.

DAIRY AND POULTRY

New Canadian Dairy Policy Sets Higher Support Prices

The Canadian Department of Agriculture (CDA) recently announced its Federal Dairy Policy for 1973–74 (April 1–March 31), slightly boosting support prices above those of last year.

The Federal Government supports the Canadian dairy industry through a purchase program for dairy products administered by the Canadian Dairy Commission and a direct subsidy payment to producers of manufacturing milk and cream.

The price received by producers of milk (fluid and manufacturing) is controlled by marketing boards or other agencies of the Provincial Governments.

The newly established support prices for 1973–74, in Canadian cents per pound, contrasted with 1972–73 prices (given in parentheses), follow: Butter, 71 (68); nonfat dry milk powder, 35 (29); Cheddar cheese, 60 (54).

The CDA has calculated the benefits of the 1973–74 Federal Dairy Policy to be equivalent to about 60 Canadian cents per hundred pounds of milk if all the benefits of product price increases are reflected back to the farm level. Part of these increases will result from higher market prices and part from the Government subsidy.

The rate of the direct Federal subsidy to producers of manufacturing milk and cream (paid for quota deliveries) was increased from 20 Canadian cents to Can$1.45 per hundred pounds or 41.42 Canadian cents per pound of butterfat, compared with last year's Can$1.25 per hundred pounds, or 35.71 Canadian cents per pound of butterfat.

The Canadian Dairy Commission anticipates a surplus of nonfat dry milk in the current year and is increasing the levy on producers of quota manufacturing milk and cream from 10 Canadian cents per hundred pounds to 30 cents. This levy is used to subsidize exports of dairy products, primarily nonfat dry milk.

SUGAR AND TROPICAL PRODUCTS

FAO Revises Cocoa Output—Consumption Estimates

The Food and Agriculture Organization of the United Nations (FAO) recently issued revised world production and grinding estimates for cocoa beans. FAO now forecasts world cocoa bean production for the 1972–73 October-September season at 1,458,000 metric tons, off 8 percent from the record 1971–72 crop of 1,588,000 tons.

Estimates in thousands of tons for the key producing countries, with 1971–72 data in parentheses, is as follows: Ghana, 433 (470); Nigeria, 243.8 (256.6); Ivory Coast, 185 (25.8); Brazil, 177 (165.6); and Cameroon, 102 (123).

World cocoa bean grindings for 1973 were forecast at a record 1,564,000 tons, up slightly from 1972 grindings of 1,559,000. Grindings in thousands of tons for the major consuming countries with 1972 data in parentheses, is as follows: United States, 280 (289); West Germany, 140 (138.8); USSR, 135 (132); the Nertherlands, 125 (125); and the United Kingdom, 112 (97.7).

According to FAO, a stock drawdown of 121,000 tons can be expected in 1973 (after adjusting production data for a 1 percent loss in moisture), compared with a stock increase of 13,000 tons last year.

Nicaragua Increases Sugarcane Acreage

Nicaragua's harvested acreage of sugarcane is forecast at 93,000 acres in 1973–74, 16,000 acres above current area. Yields may also be up because of 1972–73 drought damage.

Production could be considerably above the 173,000 metric tons produced in 1972–73, allowing for increased stocks and slightly expanded consumption and exports.

Exports will be an estimated 91,000 tons in 1972–73, most of which will be shipped to the United States under quota while the rest will be sold on the world market.

Sri Lanka's Tea Exports Fall

Exports of tea by Sri Lanka (Ceylon) in 1972 totaled 190,193 metric tons, off over 5 percent from 1971 shipments of 200,798 tons. This was the lowest level since 1960. Exports to the United Kingdom were off sharply to only 33,249 tons, compared with 46,731 during 1971. Shipments to other major markets such as the United States, Australia, Iraq, South Africa, and New Zealand were also lower.

However, larger shipments were made to Pakistan, which replaced the United States in 1972 as Sri Lanka's second most important tea export market after the United Kingdom. Purchases by Pakistan totaled 22,634 tons, up from the 1971 total of 12,798 tons. Larger exports were also made to Libya, Saudi Arabia, Kuwait, and Syria.

The drop in Sri Lanka's tea exports was attributed to a smaller harvest of only 213,475 tons, compared with 217,773 tons in 1971, and to increasing export competition from African producers, who harvested a record crop last year.

Sri Lanka still retained its position as largest supplier of tea to the United States. U.S. tea import from Sri Lanka in 1972 totaled 19,459 metric tons valued at $18.3 million, compared with 1971 imports of 24,927 tons valued at $23.1 million. Total U.S. tea imports in 1972 amounted to 68,718 tons valued at $62.8 million.

New Foreign Agriculture Circulars

- U.S. Exports of Dairy Breeding Cattle in Calendar 1972 (FLM–7–73)
- Morocco's Vegetable Oil Consumption Rising (FFO–8–73)
- U.S. Exports of Beef Breeding Cattle in Calendar 1972 (FLM–8–73)
- Record Iranian Cotton Production and Export (FC–12–73)
- March Exports of U.S. Cotton Highest This Season at 677,000 Bales (FC–131–73)

Single copies may be obtained free from the Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250, Rm. 5918 S.; Tel: 202–447–7937.

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SOUTH AFRICA'S CITRUS EXPORTS UP SLIGHTLY

Despite a record crop in 1972, preliminary estimates indicate the amount of South Africa's citrus destined for export increased only about 2 percent, while domestic fresh fruit sales and deliveries to processing factories showed substantial gains, according to a recent report by the South African Citrus Exchange.

Near normal weather conditions last year resulted in a citrus crop about one-fourth larger than the 1971 crop, which was hampered by unfavorable weather. Oranges accounted for the largest portion of the 1972 crop, but grapefruit gained in importance, as it has every year since 1970.

Totaling some 670,100 metric tons, the 1972 citrus crop included 513,700 tons of oranges, 137,400 tons of grapefruit, and 19,000 tons of lemons, compared with 422,000, 106,600, and 16,000 tons in 1971.

The domestic market absorbed 107,100 tons of citrus in 1971, and 148,500 tons last year. The biggest jump in sales was of oranges—from 95,800 tons to 132,300 tons. Grapefruit showed the largest percentage increase, rising by 58 percent to 12,400 tons.

Fruit deliveries to factories increased by 58 percent, from 135,100 tons in 1971 to 213,200 tons in 1972. Oranges also showed the biggest increase in this category, jumping from 94,800 tons in 1971 to 152,100 tons 1 year later, a total almost as large as the citrus factory intake for 1970.

The South African Citrus Exchange indicated that 1971 exports amounted to 302,400 tons, rising slightly to 308,400 in 1972. Orange exports decreased from 231,300 tons in 1971 to 229,200 tons in 1972; last year's shortfall was made up by grapefruit and lemon exports, which stood at 68,300 and 10,900 tons, respectively.

Customs data show the United Kingdom was South Africa's top market for oranges and grapefruit in both 1971 and 1972, France was next in 1971. West Germany was South Africa's second most important customer for grapefruit last year; France was third.

Exports of South African citrus to the United Kingdom have dropped off considerably during the past several years as more emphasis was placed on the development of new outlets. The citrus industry is optimistic, however, that U.K. entry into the European Community will have little adverse effect on the industry.

Freight Forwarder

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marking, and weighing when required.

His paperwork responsibilities are heavy. Besides preparing consular invoices, certificates of origin, health or Department of Agriculture certificates, and documents pertaining to the condition of the merchandise, he must also be in a position to comply with all documentary requirements for goods sold under letter of credit terms; and he must "bank" the documents, thus enabling the exporter to collect the value of the goods soon after shipment. Finally, he must be able to assist in the prosecution of claims against carriers, insurance companies, and other parties, as the exporter may require.

Although NCBFAA members are not direct carriers of freight, the role they play in international trade—basically, the facilitation and coordination of all shipping services—is directly involved with that played by the direct carriers. Their role and its significance, though frequently not understood and often neglected, is nonetheless crucial: approximately 80 percent to 90 percent of all U.S. imports and exports are handled at some point by NCBFAA members acting in one or more of their capacities.

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